



CURRENT METHODS AND FUTURE PROSPECTS FOR FUNDING CALIFORNIA PUBLIC HIGHER EDUCATION



CALIFORNIA
POSTSECONDARY
EDUCATION
COMMISSION

Summary

Supplemental Budget Language to the 1991-92 Budget Act directed California's higher education systems and the Postsecondary Education Commission to conduct a series of studies relating to the financing of California's public colleges and universities. This report represents the first in a planned series of Commission reports designed to address that request. In it, the Commission describes the State's current methods and likely prospects for financing public higher education.

The first section of the report provides background information on the study and the staff's plans for integrating this information into the Commission's ongoing fiscal studies.

The second section offers a technical description of the process through which the higher education systems' operating and capital outlay budgets are funded.

Finally, the third section supplies information on how the systems have fared in recent budget deliberations, both individually and in comparison to other states around the country. In addition, it outlines projections of total State General Fund revenues through 2001-02, as well as long-range expenditure trends in major State budget categories, including higher education.

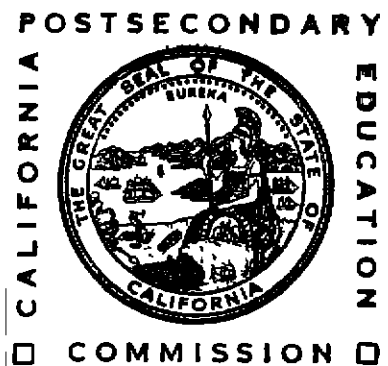
As this report indicates, the most optimistic estimates available indicate an emerging structural imbalance between revenues and expenditures, culminating in the year 2001-02 with a budget deficit of over \$6 billion. Less optimistic estimates place the projected 2001-02 deficit at approximately \$20 billion. The report concludes with a discussion of how a variety of trends in the State budget (both in the budget process and in economic trends) combine to make higher education extremely vulnerable to continued reductions in resources over the next decade, especially for the university systems.

The Commission adopted this report at its meeting of March 30, 1992, on recommendation of its Policy Development Committee. Additional copies of the report may be obtained from the Publications Office of the Commission at (916) 324-4992.

CURRENT METHODS AND FUTURE PROSPECTS FOR FINANCING CALIFORNIA PUBLIC HIGHER EDUCATION

*The First is a Series of Reports on Funding
California's Colleges and Universities
into the Twenty-First Century*

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
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**COMMISSION REPORT 92-5
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1 *Background on the Commission's Ongoing Studies — of Financing California Higher Education*

THE STATE of California presently confronts the problem of how it can maintain the current levels of services such as higher education for its citizens within an environment of static or declining resources. The magnitude of the State's current budget deficit, coupled with projections of a growing structural imbalance between State services and available revenues, have forced a critical reexamination of how the State delivers services in all areas of State support.

Higher education is no exception to this reexamination. Long-accepted methods of State finance and institutional operation must be reassessed if California's colleges and universities are to continue to fulfill the hopes and goals articulated in the State's Master Plan for Higher Education and adapt themselves to the rapidly increasing number and diversity of California's anticipated student population.

This report is the first in a series of studies that the California Postsecondary Education Commission has undertaken to address this issue. In late 1991, the Commission agreed to carry out, in the shortest possible timeframe, a comprehensive and integrated examination of the financing of California higher education in order to provide options and recommendations for State policy makers about how the missions of California's colleges and universities can be brought back into balance with the funds available to accomplish them. Yet before policy makers can analyze alternatives for financing the State's public higher education institutions, they must agree about the process through which these institutions are currently financed as well as the environment in which they will be competing for limited State General Fund resources in the future.

Thus the primary purpose of this first report in the series is to describe California's current budgeting process for public higher education and to document recent trends and long-term prospects for financing California public higher education in the future.

Origins of the Commission's studies

In developing the 1991-92 State Budget this past spring, California's political leaders faced a budget deficit of historic proportions. The State's deficit -- the difference between the revenues needed by the State to maintain existing levels of service and the amount of revenue projected to be available -- amounted to more than \$14.3 billion. To eliminate the deficit, the Governor and Legislature attempted to distribute the necessary reductions among all parties, including California public higher education. As the State's 1991-92 budget proceedings unfolded, it became increasingly apparent that the problem was as much structural as cyclical.

The financial problems facing California higher education are not unique, yet the prospects for California's next generation of college students are not promising if these fiscal challenges are not addressed and met. The three basic underpinnings of California's policy of higher education for all people who can benefit from it are (1) access to institutions, (2) quality of institutions, and (3) choice among institutions. This policy, for which California is nationally and internationally recognized, has contributed substantially to the vitality and dynamism that until recently characterized the California economy. Unfortunately, these ideals of access, quality, and choice are now in jeopardy as a result of the fiscal crisis facing the State.

Compounding this dilemma is the demographic reality that California is growing at a staggering rate, requiring concomitant growth in all State services, including higher education. Current projections indicate that if historic rates of college-going are maintained, California will need to accommodate over 800,000 more students in 2005 than at present (California Postsecondary Education Commission, 1991a). The challenges posed in addressing growth of this magnitude are monumental, even in a good budgetary environment. In addition, it is now well documented that the composition of this population

growth will be more ethnically and racially diverse than has been seen in the history of this country. Demographers predict that by the end of this century, California will become the first mainland state with no majority ethnic/racial group (California Postsecondary Education Commission, 1990a). As with population growth, the challenges that go with demographic change on this magnitude will be enormous for the State generally, and for the education system in particular.

Given this variety of interrelated issues, at the Commission's initiative the Legislature adopted several pieces of Supplemental Report Language to the 1991-92 State budget, asking the Commission, the California Student Aid Commission, and the State's three systems of public higher education -- the California Community Colleges, the California State University, and the University of California -- to conduct three interrelated studies, all focusing on the financing of California public higher education:

1. A set of "funding gap" studies by the systems and the Student Aid Commission,
2. The Student Expense and Resource Survey by the Student Aid Commission; and
3. A "student fee, financial aid, and cost of instructional mission" study by the Postsecondary Education Commission.

The appendix to this report reproduces the Supplemental Report Language directing each of these studies. A more detailed description of the specific plans surrounding the conduct of these studies is available in "Prospectus for the Commission's 1992

Work Related to Financing of California Higher Education," which appeared as Tab 8 of the Commission's October 1991 agenda packet.

The Commission's efforts in this area are guided by the assumption that the answer to how the State can continue to meet the goals of its Master Plan for Higher Education will not be found exclusively in a search for additional revenues, nor in identifying cost-cutting strategies for delivering higher education services more efficiently and less expensively. Given the scope of ongoing projected resource limitations, if an integrated strategy for coping with the coming decade is to be found, it will lie in a balanced approach; one that carefully examines alternatives on both the revenue and expenditure sides of the finance equation. The depth of the current funding crisis, as well as long-term projections indicating that this crisis is more structural than cyclical, require nothing less.

Organization of the report

Part Two of this report explains the current process by which the budgets of California's higher education systems are constructed at the State level.

Part Three then discusses what the current budget process has provided to California's higher education institutions over time, how higher education's percentage of the total State budget has changed over time, and prospects for State funding of higher education in the context of other demands for State resources and the State's current revenue structure.

2

How State Appropriations Work: The State Budget Process

California's State budget

The strongest instrument for exerting State policy influence on public higher education is the State budget. Thus the budget is one of the predominant points of focus for the Governor, the Legislature, and higher education leaders themselves. It is through the budget that new initiatives are often begun, and it is where institutional performance is evaluated. While these decisions can and do get made in other places, there is no other place where all of the decisions come together in the same way as in the State budget. In times of fiscal restraint, as the State now finds itself, the budget becomes the focus around which virtually all higher education policy issues revolve.

Importance of understanding the budget process

In the context of both short-term and long-range planning, an understanding of the structure and dynamics of the State budget process is important for several reasons.

1. The timeline of the budget process necessarily influences the timetable of many institutional planning and decision-making activities
2. The formulae and criteria applied in State budgeting affect many of the issues and analytic questions addressed through institutional research and planning, especially during a time of declining resources.
3. Institutional perceptions of the budget process shape the systems' planning estimates of the likely availability of State resources. These estimates inevitably affect which short- and long-range institutional goals come to be viewed as realistic. Conversely, when adequate funds are perceived as not available through the budget process, these views influence the extent to which institutions must plan internally to accommodate a reduced resource base

4. The State budget process contains numerous financial incentives and disincentives for a wide range of the systems' activities. Since any institution will naturally gravitate toward where the money is, an understanding of the incentives inherent in the various State funding formulae and criteria gives important insights into a wide variety of institutional practices of the higher education systems. An understanding of these dynamics is crucial to the process of identifying alternative funding approaches and anticipating possible changes in institutional incentive systems that may result from changes in the budget process

Content and scope of Part Two

This part of the report describes the budgeting process used to appropriate State funds to California's public higher education systems in three sections:

- First, with an overview of the State budget process;
- Second, with a description of the support budget process for California's three public higher education systems; and
- Finally, with an analysis of the capital outlay budget process as it applies to the three systems

Throughout these pages, the term, "public higher education" means the State-funded budgets of the University of California, the California State University, and the California Community Colleges. The analysis excludes discussion of funding for health science education, teaching hospitals, and the University's several laboratories funded by the Department of Energy laboratories, as well as institutional student financial aid, the Chancellor's Office of the California Community Colleges, the California Student Aid Commission, the California Maritime Academy, Hastings College of the Law,

and the California Postsecondary Education Commission.

Overview of the State budget process

In California, almost all expenditures and revenues are put into a single budget bill, which must be enacted by the Legislature by June 15 of each year to go into effect on July 1. This means that appropriations for all programs -- whether they are for highways, public schools, welfare, or higher education -- go into a single piece of legislation. This budget system contrasts with most other states and with the federal government, which each year generally pass several separate appropriations bills -- a highway bill, a health bill, an education bill, and the like.

The fact that California puts almost all of its expenditures into a single budget bill, coupled with the fact that California is constitutionally required to balance expenditures with revenues, has meant that the budget process in this State is generally recognized to be one of the most sophisticated in the country, because the process forces decisions about spending priorities and trade-offs between programs.

Programs reliant on General Funds

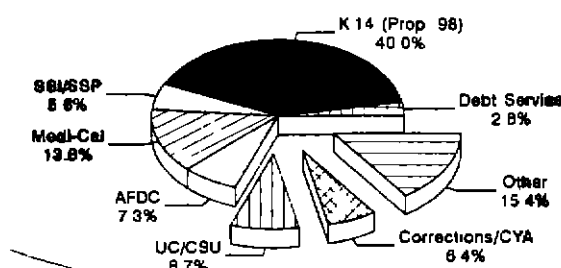
General Fund revenues -- or funds that can be spent for any purpose -- account for roughly 57 percent of all State spending in California. The activities of State government vary widely, however, in the extent to which they are dependent on General Funds. For instance, highways are paid for with special taxes that cannot be used for anything else, whereas most State health and welfare expenditures are matched dollar-for-dollar with federal funds. On the other hand, education (both K-12 and higher education) is heavily dependent on General Funds. Even the two university systems, which have multiple sources of funds, rely almost exclusively on State General Funds for their core instructional programs.

In the early post-Proposition 13 years from 1978 to 1983, when the tax-cutting movement and a recession combined to force major cuts in General Fund programs, competition within the educational sys-

tem for resources was fierce. Since that time, the Gann appropriations limit and more recently the passage of Proposition 98 have contributed to limit even further the proportion of State General Funds that are available for appropriation to California's public universities.

Excluding the community colleges, California public higher education -- unlike most other major State budget categories -- does not enjoy statutorily required workload and inflation funding increases. Since a majority of the budget categories is protected by such statutory funding requirements, the amount of General Fund money available for appropriation to those categories without statutorily defined funding formulas -- such as higher education -- is further constrained. However, Governor Wilson did reach a five-year agreement with the Legislature during the 1991-92 State budget process to eliminate the statutorily required inflation increases for some health and welfare programs. Display 1 below shows the distribution of State General Funds by major funding category as well as those portions of the budget for which annual funding is required through statutory mandates.

DISPLAY 1 Major General Fund Budget Categories as Percentages of Total General Fund Expenditures, 1991-92 (Estimated)



Note: The three exploded pieces of the pie do not enjoy statutory or constitutional protection in the budget process.

Source: Commission on State Finance.

Incremental budgeting through workload formulae

California's budget is an incremental one. California's higher education systems, like all other State agencies, submit annual requests for funding to the Department of Finance. In general, for much of the

budget (not just in the higher education section), the Department uses agreed-on formulae to evaluate budgetary requirements. Formulae are either negotiated between the agencies and the Department or are set in statute. These formulae use readily accessible yardsticks of workload (for example, miles of freeway, welfare caseload, or number of students) that are objective measures of how much money is required for programs. Virtually all budget formulae are developed through studies of actual spending patterns that serve as benchmarks for negotiations upward or downward. While these formulae are reviewed and updated from time to time, the budget formulae typically perpetuate status-quo spending patterns. A program that has received money in the past will continue to receive funding at that level provided that its formulae remain unchanged and workload continues at a similar level.

For State operations budgets, the formulae generally translate workload into numbers of personnel or "positions" -- required for the work to be done. For all programs, each year's budget is made up of the previous year's base budget, adjusted by some formula for workload increases, plus additional funds to cover inflation and salary increases. New program initiatives may also be added to the adjusted base. They may take many forms and can include recalculations of the budget formulae to enrich the existing program. In most years, however, they comprise a very minor percentage of total funds spent. The overwhelming majority of new funds are computed as increases or decreases to the base budget.

Because California uses an incremental approach to budgeting, the process strongly influences agencies to maximize their base budget, since virtually all new money flows from adjustments to the base. This incremental approach to budgeting also means that agencies' budgets are regularly adjusted only at the margin.

State operations vs. local assistance

The process used to make "baseline adjustments" is different for programs classified as State operations and those known as local assistance. This categorization is a throw-back to the pre-Proposition 13 era, when local government had the primary responsibility for managing and paying for local assistance services and programs. The severe cutbacks in prop-

DISPLAY 2 A Sample of State Operations and Local Assistance Programs

| <u>State Operations</u> | <u>Local Assistance</u> |
|---------------------------------|-------------------------|
| University of California | Medi-Cal |
| The California State University | SSI/SSP |
| | AFDC |
| Student Aid Commission | K-12 Education |
| Department of Corrections | Community Colleges |
| | Developmental Services |
| All other State government | Tax Relief |
| | Public Health |

Source: California Postsecondary Education Commission.

erty taxes that resulted from Proposition 13 have blurred these distinctions, since the State now pays for the majority of local assistance programs. A sample of the major expenditure components of the two different budget categories is outlined in Display 2. As that display indicates, the community college system differs from the two university systems in that it is funded as a local assistance program.

Development of the budget

Each year the Department of Finance prepares a draft State budget by mid-December for the following fiscal year. The Department submits the plan to the Governor for his review to see if it is consistent with his spending priorities.

If the baseline budget would cost more than anticipated revenues as projected by the Department of Finance, the Governor has several options including making program reductions, transferring funds between programs, or proposing a tax increase or other forms of "revenue enhancements." The Governor also makes the final decisions about new programs or initiatives before submitting his proposed expenditure plan to the Legislature early in January. Upon the Governor making these decisions, the Department of Finance furnishes the Legislative Analyst with a confidential copy of the budget, allowing the Analyst to begin her analysis of it.

This date signals the beginning of the most frenzied time of the year for the Legislative Analyst -- prep-

aration of the Legislative Analyst's *Analysis of the State Budget*. The Analyst works intensively from the receipt of galleys in December through late February, when her Analysis is released publicly. At that time legislative hearings are scheduled by the appropriate subcommittees of the Assembly Ways and Means Committee and the Senate Budget and Fiscal Review Committee in order to review all aspects of the Governor's spending plan. The Legislature can rewrite the Governor's Budget any way it sees fit (by adding or deleting programs, or changing the source of funds for them). Eventually, the Senate and Assembly versions of the budget are then adopted by a two-thirds vote of the respective houses, and any discrepancies between the two are resolved in a Joint Legislative Conference Committee made up of the Chairs of the Senate and Assembly fiscal committees and four other members. The Conference Committee meets for the sole purpose of resolving differences between each house's version of the budget. The Committee normally does not consider any item for which there is not a discrepancy between the two budgets, but once an item is thrown into Conference, the Committee has complete discretion to handle it any way it sees fit, including adopting one house's version of the item, augmenting the item, deleting the item, or attaching Supplementary or Budget Control Language to it.

Further, during Conference Committee deliberations, the Committee generally relies only on advice from the Legislative Analyst and the Department of Finance on how to resolve specific issues. Since representatives of other agencies, such as the higher education systems, are generally not permitted to address the Conference Committee during its deliberations, this is one major point at which the Legislative Analyst and/or the Department of Finance can effect change in segmental budget requests.

After reconciling all budget discrepancies in Conference, the Committee forwards a unified budget back to each house for their adoption by a two-thirds vote. Upon passage by the Legislature, the Budget Bill is supposed to be forwarded to the Governor by June 15 for his review, revision, and signature.

The Governor has line-item veto power, and he can reduce or delete any item of expenditure -- but he may not add money. The budget that he signs into

law by July 1 then goes into effect for the next fiscal year.

The power of California's executive

While the political dynamic of the budget process as it affects the relation between the Governor and the Legislature is an interesting and colorful one, it has been extensively commented on elsewhere. However, one important fact about that dynamic is particularly germane to this present analysis. Under the California Constitution, the Legislature has exclusive power over all appropriations, which means that everyone -- including the Governor -- has to get the Legislature to pass a bill in order to get money. This means that two-thirds of the members of both houses have to agree in order to spend money. But because the Governor has the power to propose a single spending plan, the power of the executive over state spending priorities is enormous.

Unlike other states, California's single budget bill allows the Governor to confine his efforts to one piece of legislation. In fact, the Governor does not have to pay attention to any other legislative priorities until the budget bill is signed into law. (Under the Constitution, no spending bill -- except for emergencies -- can be signed by the Governor until the budget is enacted.) This fact, coupled with the incremental budgeting approach in which baseline adjustments consume virtually all new money, the two-thirds vote requirement, and the line-item veto power, make the California budget one of the strongest executive budgets in the country.

Community college finance

The method by which the State provides funding for the California Community Colleges differs significantly from that used for its two public university systems and is more akin to the system used for funding the state's public elementary and secondary schools. The primary reason for this stems from the fact that as a result of Proposition 98 of 1989, the community colleges -- like elementary and secondary education -- are constitutionally guaranteed a certain percentage of the State's General Fund revenue. Proposition 98 guarantees a level of funding at least equal to the amount received in the prior

year, plus full adjustments for enrollment growth and inflation. While these provisions were amended by Proposition 111 of 1990 to reduce the minimum funding guarantee in budget years where per capita revenues are more than 0.5 percent below growth in per capita personal income, the community colleges, like local schools, can expect to receive a certain minimum level of State funding even during bad revenue years.

In addition, unlike the University and the State University, but like K-12 education, the community college budget is derived like that of other local assistance budgets, with funding increases specified in statute. The similarity between the community college budgeting process and that of K-12 education largely stems from the community colleges being an outgrowth of the State's public school system. Like elementary and secondary education, the community colleges serve large numbers of students -- over 1.7 million -- at numerous sites -- 107 campuses -- and are governed by local bodies -- some 71 local community college districts.

Impact of Proposition 13

Prior to the November 1978 passage of Proposition 13 -- the voters' initiative which rolled back local property taxes to one percent of the 1977 assessed property value -- the major source of financing for the community colleges was derived from local tax revenues. At this time, community colleges were funded 53 percent with local property tax revenues and 41 percent with State General Funds (today State General Funds provide 62 percent, while local revenues provide 27 percent). Districts who elected to tax themselves at a higher rate were able to keep their funds to improve or expand college programs and services. State funds were layered on top of the district funds and were allocated in inverse relation to district funds so as to equalize funding among the districts.

However, with the passage of Proposition 13, community colleges lost a significant share of local property revenue and with it, their financial stability. While they were able to lobby the Legislature successfully for State General Fund revenues to recover lost local revenues -- through Senate Bill 154 (1978) known as the community colleges "bailout" legislation -- the colleges were limited in their ability to meet new or expanded instructional or student

service needs. More importantly, they lost a great measure of their local control over their programs and services as the Legislature increased their authority and legislative intervention over the colleges.

Community college enrollment cap and fee imposition

The Legislature, unable to provide adequate resources to meet the tremendous enrollment growth in community colleges, "capped" the amount of money the State would provide for community college enrollments. The current cap is annually adjusted by the rate of change in the statewide adult population, which means that the State will provide funding for new community college enrollment only up to the percentage growth in State population. In recent years, this rate of change has been approximately 2 percent. Despite this cap, the community colleges, by law, must accept all students who can profit from the instruction offered.

The achievement of an adequate and stable financing model for the community colleges continued to be an issue during the 1980s as enrollment growth continued to outpace available State revenues. In 1983, after a lengthy and acrimonious debate with the Governor over community college financing, the Legislature adopted a mandatory enrollment fee for all community college students. Imposition of the student fee did not result in additional revenues to the community colleges, however, since the revenues from the enrollment fee are used to offset the State General Fund appropriations to the community colleges.

Development of program-based budgeting

In 1984, the California Postsecondary Education Commission published a special report on State support for the California Community Colleges in which it concluded that community college financing policies since the approval of Proposition 13 had led to institutional instability, and in which it recommended that the State pay immediate attention to providing a stable funding mechanism for supporting them. Shortly thereafter, the Legislature adopted Assembly Bill 3409 (1986), which established a task force on community college financing reform. Over the next several months, that task

force developed a "differential" or "program-based" funding model that the Legislature adopted in the omnibus community college reform legislation, Assembly Bill 1725 (1988).

Prior to the adaption of "program-based" funding, the amount of money each district was allocated was based on its average daily attendance (ADA) -- a measure of its student enrollment. However, with the adaption of program-based funding, the amount of funding a district receives is based on workload measures identified for five different program categories -- (1) instruction, (2) instructional services, (3) student services, (4) maintenance and operations, and (5) institutional support. The workload measures for each of these five categories are shown in Display 3 below.

The workload measures for the five categories together establish a proposed level of funding for each particular college. The college's workload measures are compared to workload "standards" that define a level of service and corresponding funding level deemed appropriate for each workload category.

In determining a college's General Fund apportionment, the Chancellor's Office calculates the exact cost of funding the specific standards in each category on a district-by-district basis. The "target allocation" is the level of funding required to achieve the level of service defined by the workload standards identified in each category. However, this computation has been simplified by substituting a formula called a "standard allocation" that provides

a close approximation of the amount computed in the target allocation formula. In addition, this formula builds in an extra cost factor by using an economy-of-scale or a block-grant method to offset additional costs associated with the college's size.

Program-based funding establishes standards for the level of services in each program category and computes a corresponding funding level to maintain those standards. Then each district's funding level is compared to the statewide standard funding level in order to arrive at a district's percentage of the standard.

A district's General Fund apportionment revenue is determined on a formula that takes the prior year's base revenues adjusted for any prior year decline, increases in inflation, and workload growth (which is computed against an economy-of-scale factor and the statewide percent of standard). The final calculation is then based on the availability of State General Fund funding (under Proposition 98) minus local revenues. Any available program improvement funds are then used to equalize districts with the lowest and highest percent of the standards as possible.

In Assembly Bill 1725, the Legislature extended the use of the earlier ADA-based funding formula through July 1, 1991. On that date, the program-based funding model went into effect, along with the second allocation of \$70 million in program improvement funds allocated to community college districts. The workload standards defined under

DISPLAY 3 *Workload Measures for the Five Categories of California Community College Program-Based Funding*

| Category | Workload Measure |
|---------------------------------|--|
| Instruction (Credit) | (Credit) Full-Time-Equivalent Students (A student contact hour measure similar to average daily attendance (ADA) without application of the second census count or the 0.911 absence factor) |
| Instructional Services (Credit) | (Credit) Full-Time-Equivalent Students |
| Student Services (Credit) | Based on Credit Headcount |
| Maintenance and Operations | Based on Square Feet (Owned and Leased) |
| Institutional Support | Percentage of Total Computed Standard Allocation. |

Source: Chancellor's Office, California Community Colleges

program-based funding have not yet been fully funded by the State -- the Chancellor's Office of the community colleges estimates that the State presently funds only some 58.6 percent of them -- but these standards serve as the "benchmarks" for future budget proposals.

In Supplemental Report Language to the 1991-92 Budget Act, the Legislature asked that representatives of the Postsecondary Education Commission, the Legislative Analyst, and the Department of Finance review selected standards of the program-based funding model and make recommendations concerning the criteria used in establishing these standards. The Commission will fulfill this legislative request during the course of its study on financing for higher education.

With the passage of Assembly Bill 1725 and of the voter-initiated Proposition 98 that guarantees a minimum funding level for K-12 and the community colleges, the financing of the community colleges has improved. The program-based funding model incorporates many of the features used in funding the two senior public universities, although a lack of consistency still exists in the budgetary process, between the community colleges and the universities. Briefly, these are (1) the place of the community colleges in the budget process, (2) their lack of statewide faculty salary scales, (3) their block or categorical budget allocations, (4) their lack of State expenditure controls, (5) their Board of Governors' lack of budgetary flexibility, and (6) their related governance structure.

Cost-of-living adjustments

As previously indicated, the community colleges' budget is considered as a local assistance budget and as such it receives its inflationary adjustment in the same way as other local assistance budgets. For local assistance budgets, a cost-of-living adjustment is set in statute. Unlike the two university systems, which separate salary, merit, and price-increase funding, community colleges receive a lump-sum cost-of-living adjustment on their entire base budget. The cost-of-living adjustment for community colleges is statutorily set to be the Implicit Price Deflator, which in 1991 was 5.11 percent, although due to the budget crisis no appropriation was made that year. Once the institutions receive the funds, it is up to the individual districts to deter-

mine how to spend the money -- on across-the-board raises, for promotions, or for non-salary increases. In most districts, these decisions are reached through the collective bargaining process.

The result of the baseline inflationary cost-of-living adjustment process is that funding disparities may exist between inflationary, cost-of-living adjustments and merit salary adjustments in the two universities and the community colleges. In periods of inflation, where there are separate price categories for items of expenditure such as postage or utilities that are greater than the Implicit Price Deflator, these disparities result in an apparent underfunding of the community colleges' budget. In periods of low inflation or during times when the deflator is greater than the parity figure for university salaries, the opposite is true. Yet this latter condition -- where the disparities have advantaged the community colleges -- has not occurred during the post-Proposition 13 years. As a result, an accumulated underfunding of community colleges' budgets has occurred since 1978, not because of an explicit policy decision but instead because of technical glitches in the funding formulae.

Calculation of General Fund appropriations

On May 15 of each year, the Department of Finance notifies the Legislature and the Chancellor's Office of the community colleges of the amount of property tax revenue expected to be available during the next fiscal year. The final budget act enacted by the Legislature takes that estimate into account in figuring how much General Funds should be appropriated to the community colleges. If the Legislature and the Governor agree that, for example, \$1.5 billion will be needed to support the community colleges, and the May 15 estimate of property tax revenues and enrollment fee revenue is \$500 million, then the budget act will appropriate \$1 billion in General Funds to make up the difference. On the following March 15, actual property tax receipts are recorded, and adjustments are again made in General Fund appropriations if revenues are higher or lower than expected.

Districts that were high property tax districts before Proposition 13 and that contribute more in revenues than other districts simply get fewer State General Funds to make up the difference. If voters want to increase their taxes to enrich the core fun-

ding for their local colleges, they cannot do so currently, since existing law requires any extra local revenues to be spent only for community service classes that the State does not pay for, capital outlay, or furniture. Any increase in the general property tax rate for community colleges would go straight to the State to offset the need for General Funds. The funding system for community colleges can therefore be seen as a thinly disguised State system.

Appropriation grants and expenditure controls

Unlike the two university systems, most funds for community colleges are appropriated to districts on a cash grant basis based on the previously described "program based" funding standards. With the exception of categorical aid programs (such as Education Opportunity Programs and Services), each college is then free to take the funds and spend them on new faculty positions, for counselors, travel, or utilities, or whatever, depending on the district's priorities.

Without normal audit controls, the only expenditure control on community colleges' main apportionments is the so-called "50-percent law," which requires that at least 50 percent of each district's "Current Expense of Education" expenditures be spent on instructors' salaries. The level of expenditure information available about the way that money is spent by the community colleges in comparison to the two university systems is very poor, since the Chancellor's Office has historically not required the districts to report expenditures in uniform categories.

Financing the four-year universities

The baseline adjustment process for the University of California and the California State University is the same as for all State agencies -- determining adjustments needed for both inflation and workload increases. In determining the amount of funding necessary for inflationary increases, the budget process includes two calculations: (1) one for salary and benefit increases which includes both cost-of-living

adjustments (COLAs) and merit salary adjustments (MSAs), and (2) a calculation for price increases.

Salary and benefit increases in the universities

Cost-of-Living Adjustments In calculating the level of funds necessary to provide funding for cost-of-living adjustments, the calculations for staff salary increases are separated from those for faculty increases. For staff increases, the universities generally request the same percentage increase that is budgeted for all other State agencies. For faculty salaries, the California Postsecondary Education Commission conducts an annual survey of faculty compensation at institutions across the country that are thought to be comparable to the University of California and the California State University systems. On the basis of this survey, the Commission then computes what percentage increase (or decrease) is needed to bring faculty salary levels at California's public universities to parity with those offered by comparison institutions. This parity figure then becomes a benchmark for the two governing boards in preparing their budget requests, as well as for the Department of Finance in deciding what amount to propose to the Governor.

As always, the final decision about how much to propose for faculty and for staff increases rests with the Governor. However, institutions with collective bargaining may (and sometimes do) enter into long-term labor contracts in which salary and benefit obligations outstrip the funds made available in the Governor's budget. Although this typically does not occur, in rare situations when it does, funds may be diverted from unobligated institutional budget categories to cover the labor agreements.

Merit Salary Adjustments For calculating the amount needed to provide merit salary adjustments (MSAs), formulae are negotiated between the institutions and the Department of Finance and are used to calculate the amount of money that will be needed to pay for normal merit increases and for promotions for faculty and staff. The formulae are based on studies of institutional advancement and promotion patterns, and differ somewhat between the two systems. The University of California gets merit and promotion funds as a percentage of the base, while the State University receives them on a position-by-position basis. Approximately 1 to 1.5

percent of the salary base is typically allocated for merit and promotion increases in each of the two systems -- although since the onset of the current budget crisis, merit salary increases have not been funded regularly by the State

Funds for both salary cost-of-living adjustments and for merit increases are generally appropriated as a lump sum in a separate budget item to be spent by the institutions for employee compensation. Pursuant to the collective bargaining process, it is up to the institution (in consultation with employee groups, if there is formal collective bargaining, or less formally if there is not) to allocate these funds among its various compensation programs.

Price increases in the universities

For non-salary price increases, in the Fall of each year, the Department of Finance sends each State agency something known as the "price letter," that provides that year's guidelines for how much agencies can request for inflationary adjustments. For items where inflation has been particularly high, the Department will create a separate price category that allows higher-than-average inflationary adjustments. Examples of items that have historically had separate price category status are utilities, travel, postage, and library books. Items that are not in a separate price category are assigned an overall price level, which is usually set to equal an inflationary index known as the "Gross National Product price deflator" -- a standard index published by the federal government, which purports to measure cost increases for goods and services purchased by state and local government. Like merit salary and promotional funds, the State has not regularly funded price increases for the past several years.

Workload formulae

The second part of the adjustment procedure is a process that adjusts the base budget for changes in workload. At both the University and the State University, the workload formulae are a function of the number of full-time-equivalent (FTE) students enrolled within each system. This means that the resources needed to fund most categories of expenditures -- from instruction to academic administra-

tion -- are related to the number of students enrolled in the institution.

The critical measure that drives the number of full-time-equivalent students is the student credit hour (also sometimes known as the "student credit unit" and abbreviated as "SCH" or "SCU"). A student credit hour is the credit that counts toward graduation which each student receives for completing a class satisfactorily. These credit hours or credit units are based on type of class and the amount of time students spend in that class. Student credit units translate into full-time-equivalent students without regard to differences in discipline or the resources required to teach them. For example, both universities earn the same number of full-time-equivalent students for the following:

1. A five-unit upper-division chemistry class enrolling 20 students,
2. A four-unit lower-division sociology class enrolling 25 students; or
3. A one-unit physical education class with 100 students.

At the University of California, every 45 quarter credit units or 30 semester credit units taken by an undergraduate student equals one full-time-equivalent student, while every 36 quarter credits or 24 semester credits taken by a graduate student is equal to one such student. The 45 quarter/30 semester credit unit figure is also true at the State University, regardless of whether the student is at the undergraduate or graduate level. Thus the University receives more resources for graduate enrollments than does the State University. At the University, once Ph.D. students have advanced to candidacy and are no longer enrolled in courses, they are each counted as one FTE student for nine quarters, after which they can no longer be counted for enrollment purposes.

As a matter of policy, the University discourages part-time enrollment of its students. As a result, 92 percent of its undergraduates and 96 percent of its graduate students are enrolled full time. The State University is more encouraging of part-time students, only 72 percent of its undergraduates and 23 percent of its graduate students are enrolled full time. This means that there are almost twice as many students in the California State University

per full-time-equivalent as in the University of California

The University of California's workload formulae

The enrollment-related workload formulae for the University of California are relatively simple. The University receives one new faculty position accompanied by related support for every 17.61 full-time-equivalent students. (Once a position is in the base, it typically receives cost-of-living and merit salary adjustments each year, as previously described.) The University also receives one teaching assistant ("TA") position for every 44 full-time-equivalent undergraduates, but it does not receive TA funds for graduate students. The University's formulae generate enough money to pay for clerical support and additional library circulation personnel, as well as employee benefits for each new full-time-equivalent faculty member.

Once the University receives its State appropriation, it is free to make decisions about how to spend it -- on faculty, staff, or instructional support. Thus while the University's State General Fund appropriation may increase as a result of undergraduate enrollment workload increases, the University need not spend those funds on undergraduate enrollment. Rather, it has the flexibility to use such funds to support graduate instruction, if it sees fit.

In 1992-93, the University's workload formulae provide approximately \$6,000 for each additional full-time-equivalent undergraduate student at the University. This figure is often referred to as the "marginal cost," since it represents the amount that the State provides to the University to support one additional undergraduate student on an existing campus. Another approach to understanding this figure is to think of it as the "variable cost" for adding one additional student to the University. However, this figure does not represent the full average cost of instruction per student, since some portion of the University's fixed costs -- which are contained within the base budget -- also must be added to the variable cost figure to derive the full average cost of instruction at the University.

The State University's workload formulae mode and level

The workload formulae of the California State Uni-

versity are much more elaborate and complex than those of the University of California's. The State University has well over a hundred different workload formulae that are used to negotiate baseline adjustments with the Department of Finance. Most of these formulae are enrollment-related. Like the University, the key academic components -- new faculty and staff positions, library resources, and the like, are all driven by full-time-equivalent students. Unlike the University, however, requirements for student service staff and expenditures are driven by headcount enrollment rather than full-time-equivalent enrollment.

Like the University, most State University resources for instruction are tied to the number of faculty positions. For new faculty positions, the State University and the Department of Finance calculate the number required using a system known as the "mode-and-level" approach. Under this approach, the State University weights its student credit units by 16 different modes of instruction (such as lecture, laboratory, or physical education activity) and three different levels of instruction (lower-division, upper-division, and graduate) in order to take into account differences in costs for different kinds of instruction. The full methodology is based on three elements:

- 1 The staffing categories, which consist of the 16 modes and the three levels of instruction;
- 2 Ratios of student credit units to full-time-equivalent faculty in each of these categories; and
- 3 The distribution of student credit units among the staffing categories.

What this means as a practical matter is that the system uses information from the 1973-74 academic year to evaluate how faculty time was spent during that year, and then projects the number of positions required to continue that level of support against each year's enrollments. The weights that have been developed earn more faculty full-time equivalents for teaching upper-division and graduate courses than for lower-division coursework. The effect of the formulae on the average is to allocate one new faculty position for each 18.00 full-time-equivalent students -- a ratio that historically has been close to the 1/17.61 ratio used by the University.

Because of the mode-and-level approach, however,

the State University may find itself in the position where its enrollment goes up and its budget goes down. Such was the case in 1985-86, when lower-division enrollments went up, causing an overall shift toward lower-cost instruction. Because of the shift, the State University had its budget cut by 86 full-time-equivalent faculty.

Unlike the University, the State University does not receive positions for teaching assistants, and the formulae separate allocations for new faculty positions, staff positions, and support. The proposed 1992-93 State budget does not use the mode-and-level formula for determining the workload adjustment needed by the California State University. Had the mode-and-level formulae been used to determine the California State University's workload adjustment, these formulae would have provided an average of approximately \$4,400 for each additional full-time-equivalent student.

Because of the complexity and other nuances associated with the mode-and-level workload formulae, the State University is currently in the process of developing and working with the Department of Finance on a new set of formulae to govern future workload adjustments to its base budget. In general, the State University would like to move to workload formulae that are fewer in number, less complex, and more akin to those used by the University.

Internal allocation flexibility internal distribution of resources

Once the universities receive funds from the State, they are free to allocate the resources within broad budget categories (instruction, research, health science, etc.) in the way that they see fit to meet current priorities and accommodate student demand, except as noted above. These allocations can occur in either of two places -- systemwide administration and campus.

Systemwide Administration: First, the central administration makes allocation decisions between the campuses according to institutional priorities. An interesting example of the need for this flexibility is when enrollment patterns are uneven between the campuses, and one campus experiences declines while another grows.

Campus Administration: After allocations are made from the central administration to individual campuses, the campuses have flexibility to allocate resources to departments and other program areas consistent with campus priorities. For example, faculty and other resources that are earned through enrollments in one department may be allocated to other areas, sometimes because they are under-enrolled and need the help, or because the campus wants extra money to support that area. In general, however, resources are allocated away from lower-division classes to upper-division and graduate areas.

The issue of internal flexibility in the allocation of resources becomes contentious primarily in periods of enrollment decline. If the enrollment declines are slight or temporary, or if demand is not uneven among departments, the problem can be accommodated. However, if enrollment declines continue, the political as well as the educational costs of protecting positions in under-enrolled areas become severe. At that point, decisions have to be made about whether to try to increase enrollments or to take away positions. Because tenured faculty positions are essentially owned by the department where tenure is earned, scaling down academic programs when student demand shifts is a very long and slow process. Because the process is such a slow one and extracts such costs from the institutions, the preferred management option for both institutions is to keep some percentage of total faculty resources in temporary positions, assigned to faculty who cannot or will not be tenured.

The capital outlay process

Early each spring -- a year and a half before a capital outlay project is funded by the State -- the central offices of each of the three public systems of California higher education update their five-year capital outlay plans, a process that involves revisions in the cost of previously approved projects and the addition of new projects that typically have been in the planning process at the campus and system levels for several years. During the summer and early fall, each central office develops its draft list of priorities from among all the projects in its five-year plan, which it then submits to the respective

governing board for approval. If approved at the board level, central office staff submits the five-year capital outlay plan, the priority list, and a "Capital Outlay Budget Change Proposal" -- formerly called a "Project Planning Guide" -- for each project proposed to be funded in the budget year to the Department of Finance and the Legislative Analyst's Office.

State agency review of proposals

Department of Finance and Office of the Legislative Analyst staff review these budget change proposals for consistency with the State's academic planning policies (e.g., State funds cannot be provided for student housing or student union facilities) and with the State's existing space and utilization standards, and they compare these projects in terms of their cost-effectiveness compared to other alternatives; but they do not rank the relative priority of the projects at this phase of the process.

After finishing their review of the budget change proposals, Department of Finance and Legislative Analyst staff arrange for and conduct "scope" meetings with officials of campuses requesting projects in the upcoming fiscal year. They normally hold these meetings on the individual campuses, although recent budget constraints have led to a greater number being held in Sacramento. In these scope meetings, the staff of the Department and the Legislative Analyst meet the campus staff most directly involved with each proposal in order to gain a better understanding of the project and obtain answers to their questions about the project. At this point, these agency representatives are looking for project justification on two levels:

- First, they look to faculty and administrators to ensure that a project is justified, based on agreed-upon academic program goals and the mission of the institution and system as specified in academic master plans or long-range development plans.
- Second, they look to the chief campus planners and architects (if applicable for the system) to ensure that the project meets agreed-upon space, utilization, and design practices

Not all three systems follow all of the State's space and utilization standards, and the State does not impose these standards on all three systems for the

same purposes. For example, the State has required that the University of California use the space and utilization standards to calculate only the amount of new space it requires to meet its demonstrated need, and then only in categories of classrooms, teaching laboratories, faculty offices, research laboratories, and libraries; in recent years the University has obtained many exemptions from those published standards. On the other hand, the State requires the California Community Colleges to use the standards for three calculations: (1) their existing space inventory, (2) the amount of new space they require to accommodate the demonstrated need; and (3) the purposes to which the new space can be put. In general, the State expects the State University to observe the standards in much the same way as the community colleges.*

After the scope visit, campus-level or system-level facilities planners submit any additional responses to questions or concerns of the Department of Finance or the Legislative Analyst that they could not address during the meeting.

In November or December, the governing boards of the three systems often consider and approve amendments to the capital outlay budget change proposals, such as changes in the projected cost of a specific project as a result of changes agreed to in the scope meetings. They then approve their final capital outlay budget requests for inclusion in the Governor's Budget for the succeeding fiscal year.

Even after the boards' adoption of their final capital outlay budget requests, scope meetings may be held to cover new projects and in some cases items that were overlooked previously. At the same time, systemwide representatives enter into extensive discussions with Department of Finance staff on the following three issues:

- First, the total amount of funding likely to be made available in the Governor's Budget for higher education capital outlay,
- Second, the share of that funding -- and hence the

* In the final report of the Postsecondary Education Commission's three-year study of space and utilization standards, *A Capacity for Learning* (1990), the Commission indicated that many of the existing standards are out of date and some no longer meet important academic needs. To date, however, the Legislature has taken no concrete action to implement the Commission's recommended standards, due to the budget crisis that has confronted the State since the report's adoption.

amount -- to be allocated to each of the systems; and

- Third, how far down each system's priority list it can go with its share of the available funding

Staff of the Department of Finance do not usually dispute the specific capital outlay priorities defined by the systems. Instead, they focus attention on the likely aggregate funding to be made available to address those priorities. Occasionally, however, the Legislative Analyst may challenge specific prioritizations of projects.

Development and analysis of the Governor's capital outlay budget

As noted earlier, in early January the Governor releases his proposed budget for the following fiscal year, which includes capital outlay requests. This release date is the deadline by which the Legislative Analyst expects the three systems to answer any unresolved questions on the specifics of their capital outlay projects included in the Governor's Budget. The Analyst then analyzes these projects on three, and sometimes four, basic criteria

- First, the project's compliance with applicable State policy, such as not funding student housing or student union facilities;
- Second, the project's compliance with applicable space and utilization standards, depending on the system;
- Third, the reasonableness of the project's estimated cost; and
- Fourth, other factors, including prioritization of space types (for example, not enough lecture space and too much research laboratory space), possible involvement of local government entities in construction projects, and prior approval by the California Postsecondary Education Commission of proposals for new campuses and off-campus centers.

Depending on the result of this analysis, the Analyst may withhold a recommendation pending receipt of additional information or recommend any of a number of options to the Legislature -- including

1. Adoption of the item;
2. Adoption of the item pending receipt of addition-

al information (such as preliminary plans for the project);

3. Adoption of the item contingent upon adoption of budget language or supplemental report language that further clarifies or defines an issue of concern to the Legislature, or
4. Deletion, reduction, or revision of the scope of the item

The Analyst may also declare that the project raises policy issues to be resolved by the Legislature, if it believes that the Legislature has not dealt with them in previous guidelines or agreements. Two such examples of policy issues raised by the Analyst in recent years are (1) how each of the systems determines its own internal capital outlay priorities and (2) the proper role of the Office of the State Architect in assuring community college conformity with the provisions of the Field Act.

Legislative and gubernatorial action on the capital outlay budget

Legislative review of the systems' capital outlay budgets can cover literally any aspect of any proposed project, but discussions generally revolve around issues posed by the Legislative Analyst's Office. After extensive hearings, in which some controversial projects receive detailed review and non-controversial projects obtain minimal attention, each house adopts its own version of the State Budget, including the systems' respective capital outlay budgets, with any discrepancies to be resolved by their Conference Committee.

Even if funding for a project survives the Conference Committee, the Governor retains the same blue-pencil options that were mentioned earlier in this document, except that so long as the Legislature's capital outlay appropriation for postsecondary education is within the aggregate limit set by the Governor in his initial budget, he does not usually reduce appropriation amounts in the systems' specific capital outlay proposals.

Authority to spend capital outlay funds

Contrary to what many believe, after enactment of the Budget Bill by the Legislature and Governor, the funding process is not over. While the systems have received their *appropriation* for the coming

year, they must still receive *authority* to spend capital outlay money. This authority is granted by the State Public Works Board.

As its name implies, the Public Works Board was created to provide oversight and control on public works projects being undertaken by the State. The three-member Board is composed of the Director of Finance, the Director of the Department of Transportation, and the Director of the Department of General Services. The Board serves to provide an additional level of administrative control to ensure that capital outlay monies are expended in a manner consistent with the intent of the Legislature and the Governor.

Specifically with regard to postsecondary education, the Board reviews approved systemwide plans to ensure that specific projects are consistent with relevant budget language covering project parameters such as gross square footage, assignable square footage, primary use of the facility, and the space allocation plan envisioned in the project. Its review generally centers on certification of the appropriate completion of the previous phase of a project's development. For example, the Board does not require a review in order to authorize appropriations to undertake preliminary planning for a facility; however, for the next year of project planning -- that of working drawings -- the Board will review the preliminary plans before authorizing funding for those drawings. Likewise, the Board reviews working drawings before it authorizes funding for construction. But just as the Board does not involve itself in authorizing spending for preliminary planning, it does not review appropriations for minor capital outlay projects, land acquisition, or -- upon completion of a project's construction phase -- equipment purchases.

The Board is also the body that reviews changes in the scope of a specific capital outlay project that may occur after the project's original appropriation. Scope changes sufficient to trigger its review can occur as a result of a project's deviation from applicable budget or supplemental report language, other

agreed-upon project parameters, or major changes in the estimated cost of the project. The Board can review issues as minor as substituting carpeting for hard floors, since Budget Control Language specifically limits the systems' ability to make this change, or as major as cost overruns of more than \$50,000 or 10 percent, whichever is less, the latter require not only Board approval but also notification of the Joint Legislative Budget Committee and the relevant chairs of the legislative fiscal committees. Overruns over 20 percent require legislative approval in the Budget Act; the \$50,000 minimum requirement for Board approval is currently under review by the Department of Finance.

The Department of Finance serves as the State's chief control agency monitoring progress on the systems' capital outlay programs, since the Department serves as the staff of the Board and is charged with ensuring that the systems follow legislative intent in spending capital outlay appropriations. If a system recognizes the need for Board review of a change in the scope of a project, it informs the Director of Finance, who notifies the chairman of the Joint Legislative Budget Committee and the chairs of the relevant legislative fiscal committees of the impending review. They then have 20 days to review the scope change and advise the Director on whether or not the change deviates from the legislative intent of the capital outlay appropriation. If the Director of Finance receives no objection from the Joint Legislative Budget Committee after 20 days, the Director takes that lack of action to represent legislative support for the scope change. If he receives information from the Budget Committee, he determines whether or not the scope change is justified. Since he serves on the Board, he expresses the views of the Department on the proposed scope change.

Finally, approval by the Public Works Board of either a budgeted capital outlay appropriation or a scope change proposal signifies Board authorization for expenditure of the funds, and the system can proceed with the project.

3

Recent Trends and Future Prospects

Recent trends in higher education finance

Ongoing structural deficiencies in the State's budgeting process, coupled with a deep and lingering recession, have caused great uncertainty in the State's ability to adequately finance California's higher education systems. California higher education -- like all government sectors -- did not escape unscathed from last year's record \$14.3 billion State budget deficit. Like all other sectors, higher education was forced to take real reductions.

These reductions translated into decreases in the level of appropriations each higher education system received compared to the prior year, despite increases in both inflation and student enrollment. The University of California and the California Community Colleges each received about 1.1 percent less in revenue from the State than they received the prior year, while the California State University fared worse, with its State appropriation declining 3.2 percent from the previous year's level. These reductions continue a trend that began in the mid-1980s. California higher education now receives about 13.5 percent of all State General Fund revenues -- nearly 2.5 percent less than in 1984-85.

Furthermore, the final 1991-92 State Budget Act required that student fees in all California public colleges and universities be increased 20 percent. The Regents of the University of California voted to increase student fees for resident students attending its campuses even more -- by a total of 40 percent -- to help offset a portion of its General Fund budget reductions.

Budget reductions nationally

Public higher education in California is by no means alone in facing budget reductions. In a study of two-year trends in higher education funding among the 50 states, the Center for Higher Education at Illinois State University reports that for the period from fiscal year 1990 to fiscal year 1992, appropriations of state tax funds to higher education in California rose by 3 percent, while they actually

declined in 12 states. Massachusetts led the decline with a 28 percent drop, followed by Rhode Island (-17 percent), New York (-13 percent), and Florida, Virginia, and Mississippi (all -5 percent). In all, 17 states had actual declines or lower increases in higher education appropriations than California over the past two years (Display 4, page 18).

The dramatic effect of the current recession can be seen when examining changes in appropriations to higher education for the single fiscal year 1992, where fully half of the states in the nation had zero or negative growth in state funding for higher education.

Changes in California's economy

In late October, the California State Department of Finance released dramatic downward revisions to statewide employment estimates, showing that the California economy is in far worse shape than anyone could previously have suspected. The federal government's original preliminary estimates had placed job losses in California at approximately 35,000 from June 1990 to what was then thought to be the bottom of the recession in March 1991. The revised numbers increased the estimated job losses by a factor of almost ten -- from 35,000 jobs lost over the period, to over 325,000.

Furthermore, the methodologic flaws that caused these errors in the federal estimates have not been subsequently corrected, meaning that job losses estimated after March 1991 are probably similarly understated. An analysis of the national implications of this underestimate of unemployment levels was conducted by California's Commission on State Finance (COSF), which concluded that "over one million more jobs were lost in the nation during the recession than is currently indicated by federal statistics" (1991, p. 14). The federal government currently plans to revise its statistics this spring. As COSF's analysis notes: "When the federal numbers are revised this spring, we will see that the national economy was weaker than currently shown, perhaps ex-

DISPLAY 4 *Appropriations of State Tax Funds for Operating Expenses of Higher Education for Fiscal Years 1981-82, 1989-90, 1990-91, and 1991-92, with Percentages of Gain Over the Most Recent One, Two, and Ten Years (in Thousands of Dollars)*

| <u>States</u> | <u>1981-82</u> | <u>1989-90</u> | <u>1990-91</u> | <u>1991-92</u> | <u>One-Year Gain Percent</u> | <u>Second-Year Gain Percent</u> | <u>Ten-Year Gain Percent</u> |
|--------------------------------------|----------------|----------------|----------------|----------------|--------------------------------------|---|--------------------------------------|
| Alabama | \$376,591 | \$776,505 | \$820,893 | \$791,587 | -4 | 2 | 110 |
| Alaska | 169,096 | 178,188 | 187,892 | 179,981 | -4 | 1 | 6 |
| Arizona | 299,317 | 553,547 | 598,329 | 607,819 | 2 | 10 | 103 |
| Arkansas | 183,980 | 320,613 | 325,795 | 384,814 | 18 | 20 | 109 |
| California | 3,222,335 | 5,487,892 | 5,773,949 | 5,662,752 | -2 | 3 | 76 |
| Colorado | 305,791 | 505,994 | 508,758 | 523,785 | 3 | 4 | 71 |
| Connecticut | 229,405 | 511,567 | 522,606 | 503,748 | -4 | -2 | 120 |
| Delaware | 72,125 | 115,541 | 117,429 | 121,011 | 3 | 5 | 68 |
| Florida | 802,316 | 1,557,091 | 1,548,285 | 1,486,480 | -4 | -5 | 85 |
| Georgia | 498,739 | 884,669 | 961,283 | 874,320 | -9 | -1 | 75 |
| Hawaii | 161,466 | 279,241 | 290,925 | 321,201 | 10 | 15 | 99 |
| Idaho | 95,100 | 158,247 | 183,999 | 195,881 | 6 | 24 | 106 |
| Illinois | 1,031,293 | 1,712,850 | 1,735,316 | 1,734,761 | 0 | 1 | 68 |
| Indiana | 463,703 | 814,021 | 876,162 | 899,643 | 3 | 11 | 94 |
| Iowa | 322,582 | 528,499 | 579,777 | 563,570 | -3 | 7 | 75 |
| Kansas | 278,662 | 435,609 | 451,299 | 446,517 | -1 | 3 | 60 |
| Kentucky | 339,632 | 550,328 | 609,228 | 674,327 | 11 | 23 | 99 |
| Louisiana | 454,754 | 527,037 | 585,703 | 574,336 | -2 | 9 | 26 |
| Maine | 66,941 | 173,534 | 186,285 | 186,664 | 0 | 8 | 179 |
| Maryland | 385,949 | 822,337 | 809,926 | 804,886 | -1 | -2 | 109 |
| Massachusetts | 417,938 | 815,998 | 697,248 | 583,569 | -16 | -28 | 40 |
| Michigan | 848,532 | 1,408,009 | 1,486,694 | 1,541,648 | 4 | 9 | 82 |
| Minnesota | 554,704 | 946,779 | 1,007,656 | 995,429 | -1 | 5 | 79 |
| Mississippi | 300,696 | 432,971 | 423,477 | 412,311 | -3 | -5 | 37 |
| Missouri | 323,860 | 580,006 | 640,194 | 569,257 | -6 | -2 | 76 |
| Montana | 83,693 | 109,416 | 116,648 | 131,910 | 13 | 21 | 58 |
| Nebraska | 181,645 | 293,242 | 329,122 | 340,106 | 3 | 16 | 87 |
| Nevada | 65,851 | 146,636 | 163,324 | 191,773 | 17 | 31 | 191 |
| New Hampshire | 39,323 | 69,035 | 72,959 | 75,175 | 3 | 9 | 91 |
| New Jersey | 560,306 | 1,124,367 | 1,060,924 | 1,132,432 | 7 | 1 | 102 |
| New Mexico | 184,553 | 296,410 | 335,466 | 349,378 | 4 | 18 | 89 |
| New York | 1,855,429 | 3,185,045 | 3,090,116 | 2,760,719 | -11 | -13 | 49 |
| North Carolina | 758,466 | 1,458,516 | 1,484,279 | 1,445,790 | -3 | -1 | 91 |
| North Dakota | 104,638 | 129,756 | 129,757 | 145,535 | 12 | 12 | 39 |
| Ohio | 707,538 | 1,427,041 | 1,472,920 | 1,460,068 | -1 | 2 | 106 |
| Oklahoma | 325,553 | 453,090 | 499,621 | 542,277 | 9 | 20 | 67 |
| Oregon | 252,602 | 395,898 | 420,047 | 466,322 | 11 | 18 | 85 |
| Pennsylvania | 825,546 | 1,370,011 | 1,395,732 | 1,483,233 | 6 | 8 | 80 |
| Rhode Island | 84,154 | 139,174 | 127,075 | 116,128 | -9 | -17 | 38 |
| South Carolina | 360,902 | 612,508 | 638,297 | 634,226 | -1 | 4 | 76 |
| South Dakota | 58,545 | 86,064 | 90,618 | 97,273 | 7 | 13 | 66 |
| Tennessee | 366,483 | 709,116 | 711,978 | 692,402 | -3 | -2 | 89 |
| Texas | 1,905,007 | 2,624,288 | 2,579,342 | 2,821,810 | 9 | 8 | 48 |
| Utah | 173,772 | 292,720 | 305,233 | 319,561 | 5 | 9 | 84 |
| Vermont | 33,876 | 57,596 | 56,810 | 55,742 | -2 | -3 | 65 |
| Virginia | 543,961 | 1,089,276 | 1,068,485 | 1,030,112 | -4 | -5 | 89 |
| Washington | 487,821 | 796,400 | 857,135 | 896,184 | 5 | 13 | 80 |
| West Virginia | 192,307 | 252,180 | 275,672 | 277,921 | 1 | 10 | 45 |
| Wisconsin | 532,002 | 795,383 | 843,543 | 863,337 | 2 | 9 | 62 |
| Wyoming | 82,344 | 116,183 | 124,902 | 124,902 | 0 | 8 | 51 |
| Totals | \$22,982,123 | \$39,106,423 | \$40,143,113 | \$40,096,613 | | | |
| Weighted average percentages of gain | | | | | 0 | 3 | 74 |

Source: Center for Higher Education, Illinois State University, 1992, p. 2

planning why the hoped-for recovery has not yet materialized "

The Commission on State Finance found that these revisions fundamentally changed the character of the recession from moderate to severe, with moderate economic recovery expected to begin sometime in mid-1992. However, it also found cause for concern that recovery could be delayed into 1993. As one might expect, this dramatic downturn in the health of the economy has had negative effects on the health of the State budget. This effect is not surprising since as people are laid off, not only do they stop paying taxes, but often they begin needing State support services.

One bright light on the planning horizon is that despite the State's current economic condition, California continues to be blessed with a strong economic base for sustained recovery, having as it does a well diversified base of agricultural, governmental, industrial, military, and service sectors

Prospects for the State budget

While the current recession is causing tremendous short-term problems throughout the State, of equal concern to policymakers is the long-term picture for the State budget. Put bluntly, the State of California's budget is structurally ill-equipped to support either the short- or the long-term budgetary needs of postsecondary education. The difficulty exists both for operating budgets, as well as in capital outlay budgets needed to build new buildings

Available funds for operating budgets

The capacity of California to provide the support funds required to provide quality and accommodate growth in its public colleges and universities will depend on both availability of tax revenues, growth pressure from other State budget categories, and spending flexibility under the State's spending limit. State financing for higher education does not occur in a vacuum, and higher education will be competing over the coming years with other State services for limited funds.

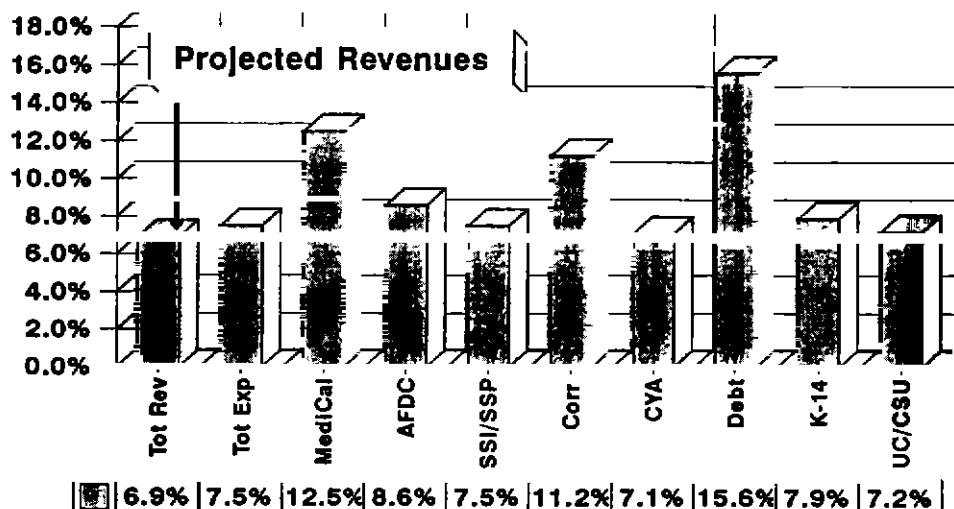
If enrollment or caseload for a particular budget is growing faster than State revenues, then funding for that growth will have to be found from some oth-

er portion of the budget. This does not present a problem so long as other parts of the budget are growing at rates lower than general revenue growth. Unfortunately, the age groups within the population that most depend on State funding are growing at a faster rate than overall revenues

The Commission on State Finance has statutory responsibility for developing General Fund revenue and expenditure forecasts, and its current forecast extends through 2001-02. Using these estimates as a starting point, and by making additional assumptions about likely needed growth in the university systems, it seems likely that total State expenditures will grow at an annual rate of roughly 7.5 percent, whereas revenues will grow by only 6.9 percent per year. By this estimate, any budget that grows more than roughly 6.9 percent will either have trouble being funded or will squeeze funding for other budget categories for funds. In order to fund enrollment growth alone, postsecondary educational budgets will need to grow, on average, by around 7.5 percent per year between now and 2001. Looking at projected expenditures by individual system, this estimate works out to between 7.0 and 7.5 percent annual increases for the California State University and the University of California, and 8.5 percent for the California Community Colleges. Any new funding for program improvements or to overcome existing funding deficiencies will be in addition to these costs

The question naturally arises as to whether other parts of the budget will be growing at a lower rate so as to allow funds to be reallocated to postsecondary education. The answer, shown in Display 5 on the next page, is a resounding no. That display shows the projected growth in General Fund revenue compared to projected growth in expenditures among major State budget categories. As noted above, funding workload increases as required by current law will require growth of 7.5 percent per year. While all efforts are under way to identify possible cost savings and find efficiencies, these persistent and sizable gaps between expected needs and the State's ability to pay for them are not likely to be closed. This problem will be especially acute in the human, medical, and other social service categories, where State funding tends to be matched with federal funds and therefore the State's capacity to make unilateral cuts is limited.

DISPLAY 5 *Projected Annual Average Percent Expenditure Growth in Major State Budget Categories Between 1991 and 2001, Compared to Projected Annual Average Percent Growth in General Fund Revenue*



Source: Commission on State Finance and California Postsecondary Education Commission estimates

It is clear from Display 5 that despite dramatic growth in higher education, most major State expenditure categories are projected to grow even faster. Even in an environment free from revenue and appropriations' constraints, it would take a major commitment on the part of both State government and California's citizens to maintain existing levels of educational services for a growing population.

Overall, an analysis of long-range projections of State revenue and expenditure patterns leads inescapably to the conclusion that there is a growing imbalance between demands for State services and the ability of the existing revenue structure to meet those demands. As Display 5 shows, projected expenditures run consistently higher than revenues over the period 1989-2002. In dollar terms, the Commission on State Finance estimates that "if a recovery begins by mid-1992 there will still be a funding shortfall of at least \$4.9 billion by the end of FY 1992-93 unless corrective action is taken. If the recovery is delayed until 1993, the funding gap could exceed \$7 billion" (p. E-1). These estimates represent between 10.7 percent and 15.2 percent of total projected expenditures in fiscal year 1992-93.

In addition, the Commission on State Finance ob-

serves that the ongoing recession has "thrown the five-year budget plan developed [last] summer out of balance, producing [estimated] annual budget deficits in each fiscal year through 1995-96" (p. E-1). It also notes that the 1991 budget agreement only provides for the suspension of cost-of-living allowances and certain revenue generating measures through 1995-96, and as a result, annual budget deficits are projected after 1995, culminating in a \$6 billion deficit by 2001-02. Frighteningly, these are among the more optimistic estimates available. The State Department of Finance projects an expanding funding gap culminating in a \$20 billion deficit by the end of the decade.

Should the basic thrust of these projections bear out, then either the State must consider generating additional revenues -- currently an unlikely possibility -- or financing growth in any individual budget category above growth in revenues will be financed only at the expense of another budget category. This zero-sum budgeting environment could leave higher education extremely vulnerable in the event of future revenue shortfalls, if only because of its relatively low rate of growth compared to other budget areas, and the absence of constitutional or

statutory funding guarantees for the four-year educational systems. Display 6 below shows General Fund expenditures for California's schools, community colleges, and two university systems as a percentage of total State General Fund expenditures in 1984-85 and 1991-92. As this display indicates, the effect of these factors has already resulted in the universities share of total General Funds declining from 11.1 percent in 1984-85 to 8.5 percent in 1991-92. While the community colleges' share has also declined during this period, Proposition 98 funding guarantees should prevent further erosion in the total share of General Funds for this system.

As Display 1 on page 4 showed, when revenues fail to grow above demands for new expenditures related to growth, budgets for the two university systems and student aid are particularly vulnerable, because they are not funded through statutory formulae, but instead depend on the annual State budget

process for determining funding levels. Most of the State budget, on the other hand, is protected either statutorily or constitutionally through formulae that have removed the decision-making process from the Governor and the Legislature. Thus, very few parts of the budget are available or accessible to absorb budget cuts that may be needed in any given year due to revenue shortfalls or appropriations' limitations.

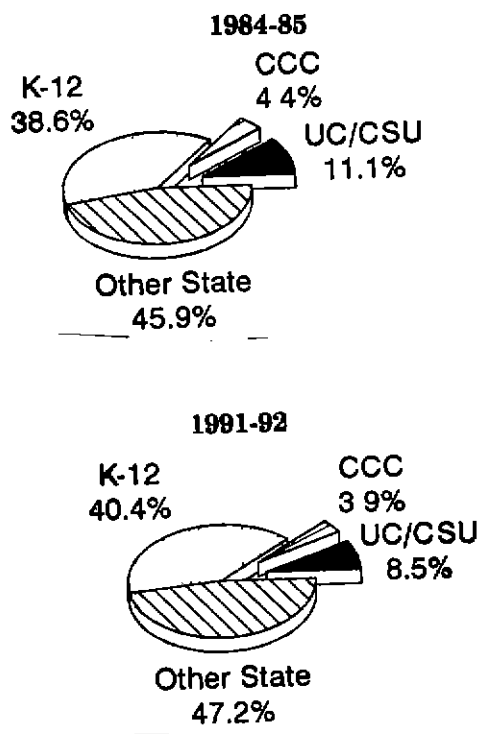
What this means as a practical matter is that if revenue shortfalls occur, it is technically as well as politically easier to turn off the funding faucet on the two universities than for most other parts of the budget. This budgetary vulnerability is a particular problem for the State University, because its governance and funding structure both make it more susceptible to State funding uncertainties than the University of California.

Capital outlay funding

In the past 30 years, California has historically turned to four major sources of financing for new capital projects: (1) local property tax revenues -- particularly important to the community colleges; (2) Tideland Oil revenues, (3) federal funds, and (4) general obligation bond sales. Now, however, as the State prepares for the second greatest growth period in its history, the only consistent source of revenue for most projects is general obligation bond sales. The Postsecondary Education Commission estimates that it will take approximately \$514 million in bond sales each year from 1991 through 2005 to generate the capital outlay funds required to accommodate enrollment expansion (1990a) -- a figure that does not take into account resources needed for program improvements, seismic safety corrections, or other backlogged projects.

Since the capital budget has been the least well-supported part of postsecondary education in the past 15 years -- capital projects tend to be the first to be cut in times of fiscal constraints -- the \$514 million figure understates total needs. Yet, even this level would require almost a doubling of postsecondary education's share of total State bond receipts. It is not clear, given the competing priorities for other parts of the State budget in areas such as highways, prisons, K-12 schools, and the environment -- that this kind of enhancement in financing is reasonable to expect.

DISPLAY 6 *General Fund Expenditures for Higher Education and Other State Services as Percentages of Total General Fund Expenditures, 1984-85 and 1991-92*



Source: Governor's Budgets

Appendix Relevant Supplemental Budget Language

Funding Gap Study

California Postsecondary Education Commission

The Legislature intends that the California Postsecondary Education Commission (CPEC) review and comment upon both the preliminary and final segmental reviews of state financing of the Master Plan for higher education provided for in items 6440-001-001; 6610-001-001, 6870-001-001; and 7980-001-001 of the Supplemental Report to the 1991 Budget Act. In reviewing and commenting on the individual governing board presentations, the Commission shall comment on the alternatives that each board considered to affect institutional costs and the effect of those alternatives on faculty workload policies, program scope, and administrative costs. It shall also comment on the impact of these alternatives on program quality and student access to the segment. The Commission is further requested to compare the individual governing boards plans and priorities for maintaining their Master Plan functions under the current state budget constraints, and to raise any concerns it may have about the effect of different segmental postures on the integrity of the Master Plan. Such review shall be submitted to the Governor and Legislature by May 1, 1992.

University of California

The Legislature requests the University of California Regents to document the extent of the current gap, if any, between state appropriations for the University of California and funding that is needed to fully support the university's current mission under the state Master Plan for higher education. The review shall include where possible an identification of the consequences of the funding gap on program quality and student access. This review should include the Regents' plans and priorities for maintaining their mission under current state funding scenario, accompanied by recommendations to the Governor and the Legislature on future state

policies for financing the University of California. A preliminary review should be forwarded to the Governor, Legislature, and CPEC by December 15, 1991. The segment's final report shall be transmitted to the Governor, Legislature, and CPEC by April 1, 1992. CPEC shall comment on the segment's final report, and transmit its comments to the Governor and Legislature by May 1, 1992. The final segmental report should be managed so as to invite public comment on the Regents' recommendations.

The California State University

The Legislature requests the California State University Board of Trustees to document the extent of the current gap, if any, between state appropriations for the CSU and funding that is needed to fully support the state university's current mission under the state Master Plan for higher education. The review shall include where possible an identification of the consequences of the funding gap on program quality and student access. This review should include the Trustees' plans and priorities for maintaining their mission under current state funding scenario, accompanied by recommendations to the Governor and the Legislature on future state policies for financing the CSU. A preliminary review should be forwarded to the Governor, Legislature, and CPEC by December 15, 1991. The segment's final report shall be transmitted to the Governor, Legislature, and CPEC by April 1, 1992. CPEC shall comment on the segment's final report, and transmit its comments to the Governor and Legislature by May 1, 1992. The final segmental report should be managed so as to invite public comment on the Trustees' recommendations.

California Community Colleges

The Legislature requests the California Community Colleges Board of Governors to document the extent of the current gap, if any, between state appropriations for the CCC and funding that is needed to fully support the community colleges' current mis-

sion under the state Master Plan for higher education. The review shall include where possible an identification of the consequences of the funding gap on program quality and student access. This review should include the system's plans and priorities for maintaining their mission under current state funding scenario, accompanied by recommendations to the Governor and the Legislature on future state policies for financing the CCC. A preliminary review should be forwarded to the Governor, Legislature, and CPEC by December 15, 1991. The segment's final report shall be transmitted to the Governor, Legislature, and CPEC by April 1, 1992. CPEC shall comment on the segment's final report, and transmit its comments to the Governor and Legislature by May 1, 1992. The final segmental report should be managed so as to invite public comment on the board's recommendations.

Student Aid Commission

The Legislature requests the Student Aid Commission (SAC) to document the extent of the gap, if any, between state appropriations for the commission's Cal Grant programs and funding that is needed to fully support the grant programs' current mission under the state Master Plan for higher education. The review shall include where possible an identification of the consequences of the funding gap on student access and on how students meet the costs of their education when grant funds are inadequate. This review should include the commission's plans and priorities for maintaining their mission under current state funding scenario, accompanied by recommendations to the Governor and the Legislature on future state policies for financing the Cal Grant programs. A preliminary review should be forwarded to the Governor, Legislature, and CPEC by December 15, 1991. The SAC's final report shall be transmitted to the Governor, Legislature, and CPEC by April 1, 1992. CPEC shall comment on the segment's final report, and transmit its comments to the Governor and Legislature by May 1, 1992. The final segmental report should be managed so as to invite public comment on the SAC's recommendations.

Student Expense and Resource Survey (SEARS) Study

Student Aid Commission

It is the intent of the Legislature that the Student Aid Commission (SAC) conduct what has become known as the Student Expenses and Resources Survey (SEARS) to obtain information about the parental income, parental contribution, student income, student work hours, grant and scholarship aid, borrowing, and other pertinent economic information about all students enrolled in California's public and private colleges and universities in 1991-92.

The survey should be conducted so as to produce statistically reliable information for student subgroups stratified by dependency status, part/full-time fee paying status, level of instruction (including upper- and lower-division), residency status, gender, ethnicity, and credit/noncredit enrollment status.

By April 1, 1992, the commission is to conduct a preliminary analysis of the survey data and transmit a report containing the results of that analysis to the Legislature, the Governor, the UC, the CSU, the CCC, the Association of Independent California Colleges and Universities, and CPEC, with a final analysis to be transmitted to those parties by September 1, 1992. The final analysis shall compare the findings from the 1991-92 survey with those from previous SEARS surveys.

In conducting the survey and the subsequent analysis, the commission is to consult with representatives from the UC, the CSU, the CCC, the Association of Independent California Colleges and Universities, and CPEC. Upon completion of the survey, both the weighted and unweighted data obtained from the survey shall be transmitted in the appropriate format to each of these representatives.

Student Fee Policy Study

It is the intention of the Legislature that CPEC shall coordinate an intersegmental review of student fee

and financial aid policies in California. Such review shall be conducted by the Commission in consultation with an advisory committee of the appropriate fiscal and policy committees of the Legislature, the Legislative Analyst, the Governor's Office, the State Department of Finance, representatives of the California State University (CSU), California Community Colleges (CCC), University of California (UC), Hastings College of the Law, the California Maritime Academy, Association of Independent California Colleges and Universities, Student Aid Commission (SAC), affected student groups, and other entities as appropriate. The review shall include, but need not be limited to, the following:

- a. An analysis of the total costs to the state of the instructional mission in the three segments of public higher education, in comparison, to the extent possible, to comparable public and private institutions in California and nationally.
- b. Alternative student tuition, fee, and financial aid policies, and their consequences upon general fund revenues, student access, and financial aid requirements.

- c. Discussion of future State policy on who should pay what share of the costs of higher education.
- d. A review of the relative advantages or disadvantages of raising student tuition as a source of general fund revenue as contrasted with maintaining reduced funding for the current Master Plan missions.

Particular attention shall be paid to the consequences of all tuition and fee alternatives on the state's historic policies of access, choice, equity, and quality (including breadth of the instructional program, average student time to degree, and total cost of the baccalaureate to the student), with identification of any sub-group most likely to suffer negative consequences as a result.

Preliminary analysis of these issues shall be provided to the Governor and Legislature by December 15, 1991, with final recommendations on long-range policy to be provided by April 15, 1992. The Commission shall ensure adequate opportunity for public review and comment on its analysis and recommendations before forwarding them to the Governor and Legislature.

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CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature

Members of the Commission

The Commission consists of 17 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. Six others represent the major segments of postsecondary education in California. Two student members are appointed by the Governor.

As of February 1995, the Commissioners representing the general public are

Henry Der, San Francisco, *Chair*
C. Thomas Dean, Long Beach
Elaine Alquist, Santa Clara
Mim Andelson, Los Angeles
Jeffrey I. Marston, San Diego
Guillermo Rodriguez, Jr., San Francisco,
Vice Chair

Melinda G. Wilson, Torrance
Linda J. Wong, Los Angeles
Ellen F. Wright, Saratoga

Representatives of the segments are

Roy T. Brophy, Fair Oaks, appointed by the Regents of the University of California,
Yvonne W. Larsen, San Diego, appointed by the California State Board of Education,
Alice Petrossian, Glendale, appointed by the Board of Governors of the California Community Colleges,
Ted J. Saenger, San Francisco, appointed by the Trustees of the California State University, and
Kyhl Smeby, Pasadena, appointed by the Governor to represent California's independent colleges and universities, and
vacant, representing the Council for Private Postsecondary and Vocational Education

The two student representatives are

Stephen Leshner, Meadow Vista
Beverly A. Sandeen, Costa Mesa

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory body to the Legislature and Governor, the Commission does not govern or administer any institutions, nor does it approve, authorize, or accredit any of them. Instead, it performs its specific duties of planning, evaluation, and coordination by cooperating with other State agencies and non-governmental groups that perform those other governing, administrative, and assessment functions.

Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Warren Halsey Fox, Ph.D., who is appointed by the Commission.

Further information about the Commission and its publications may be obtained from the Commission offices at 1303 J Street, Suite 500, Sacramento, California 95814-2938, telephone (916) 445-7933 or Calnet 485-7933, FAX (916) 327-4417.

Current Methods and Future Prospects for Funding California Public Higher Education

California Postsecondary Education Commission Report 92-5

ONE of a series of reports published by the Commission as part of its planning and coordinating responsibilities. Additional copies may be obtained without charge from the Publications Office, California Postsecondary Education Commission, Third Floor, 1020 Twelfth Street, Sacramento, California 95814-3985

Recent reports of the Commission include

91-13 California's Capacity to Prepare Registered Nurses. A Preliminary Inquiry Prepared for the Legislature in Response to Assembly Bill 1055 (Chapter 924, Statutes of 1990) (September 1991)

91-14 Supplemental Report on Academic Salaries, 1990-91: A Report to the Governor and Legislature in Response to Senate Concurrent Resolution No 51 (1965) and Supplemental Language to the 1979, 1981, and 1990 Budget Acts (September 1991)

91-15 Approval of Las Positas College in Livermore: A Report to the Governor and Legislature on the Development of Las Positas College -- Formerly the Livermore Education Center of Chabot College (September 1991)

91-16 Update on Long-Range Planning Activities: Report of the Executive Director, September 16, 1991 (September 1991)

91-17 The Role, Structure, and Operation of the Commission: A Preliminary Response to Senate Bill 2374 (October 1991)

91-18 1991-92 Plan of Work for the California Postsecondary Education Commission: Major Studies and Other Commission Activities (October 1991)

91-19 Reauthorization of the Higher Education Act of 1965 as Amended: A Report to California's Congressional Delegation Summarizing Consensus in California's Higher Education Community Regarding Proposed Revisions of the Act (December 1991)

91-20 Student Fees, Access, and Quality: Prospects and Issues for the 1992-93 Budget Process (December 1991)

91-21 Legislative and State Budget Priorities of the Commission, 1992: A Report of the California Postsecondary Education Commission (December 1991)

91-22 Proposed Construction of the Western Nevada County Center, Sierra Joint Community College District: A Report to the Governor and Legislature in Response to a Request for Capital Funds for a Permanent Off-Campus Center in the Grass Valley/Nevada City Area (December 1991)

92-1 Final Report on the Effectiveness of Intersegmental Student Preparation Programs: The Third Report to the Legislature in Response to Item 6420-0011-001 of the 1988-89 Budget Act (January 1992)

92-2 Assessing Campus Climate: Feasibility of Developing an Educational Equity Assessment System (January 1992)

92-3 California's Joint Doctoral Programs: A Report on Doctoral Programs Offered by Campuses of the California State University with Campuses of the University of California and the Claremont Graduate School (January 1992)

92-4 Prospects for Long-Range Capital Planning in California Public Higher Education: A Preliminary Review. A Staff Report to the California Postsecondary Education Commission (January 1992)

92-5 Current Methods and Future Prospects for Funding California Public Higher Education: The First in A Series of Reports on Funding California's Colleges and Universities into the Twenty-First Century (March 1992)

92-6 Commission Comments on the Systems' Preliminary Funding Gap Reports: A Report to the Legislature and the Governor in Response to Supplemental Report Language of the 1991 Budget Act (March 1992)

92-7 Analyses of Options and Alternatives for California Higher Education Comments by the Staff of the California Postsecondary Education Commission on Current Proposals for Change in California's Public Colleges and Universities (March 1992)

92-8 Faculty Salaries in California's Public Universities, 1992-93. A Report to the Legislature and Governor in Response to Senate Concurrent Resolution No. 51 (1965) (March 1992)

92-9 Fiscal Profiles, 1992: The Second in a Series of Handbooks about the Financing of California Postsecondary Education (March 1992)

92-10 Student Profiles, 1992. The Second in a Series of Annual Factbooks About Student Participation in California Higher Education (March 1992)

92-11 Meeting the Educational Needs of the New Californians: A Report to Governor Wilson and the California Legislature in Response to Assembly Concurrent Resolution 128 (1990) (March 1992)

92-12 Analysis of the 1992-93 Governor's Budget: A Staff Report to the California Postsecondary Education Commission (March 1992)